

Message Text

LIMITED OFFICIAL USE

PAGE 01 CANBER 05406 161050Z

21

ACTION EA-14

INFO OCT-01 ISO-00 INR-11 SS-20 SP-03 EB-11 DRC-01 RSC-01

/062 W

----- 090633

R 160916Z AUG 74

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 3906

LIMITED OFFICIAL USE CANBERRA 5406

STADIS////////////////////////////////////

FOR AMBASSADOR MARSHALL GREEN

E.O. 11652: N/A

TAGS: EGEN, ETRD, EINV, AS

SUBJ: MEETING WITH SECRETARY OF COMMERCE DENT

REF: (A) STATE 178972 (B) CANBERRA 5321 (C) CANBERRA 5407

1. FOLLOWING IS RUNDOWN ON TRADE AND INVESTMENT OUTLOOK REQUESTED
REF (A).

2. POLICY SETTING - CURRENT ECONOMIC POLICY DEBATE IS MARKED
BY GROWING SENTIMENT THAT DEMAND PRESSURE IS EASING AND THAT
RAPIDLY WORSENING INFLATION PROBLEM IS INCREASINGLY TRACEABLE
TO COST FACTORS. THIS ACCOMPANIED BY MOUNTING CONCERN OVER UNEMPLOY-
MENT IN WAKE OF INCREASE TO 1.6 PCT. ANNOUNCED LAST WEEK. GROWING
CONCERN OVER COST INFLATION NOT ACCOMPANIED TO DATE BY ANY
CONSENSUS ON EFFECTIVE MEASURES TO COUNTER IT. PRESENT PROSPECT IS
THAT TREASURY PRESSURE FOR DEFLATIONARY SURPLUS BUDGET WILL BE
RESISTED AND SEARCH WILL CONTINUE FOR METHODS OF ABATING LABOR
DEMANDS (SEE REF C).

3. INVESTMENT OUTLOOK - LATEST PRIMIN SPEECH (REF B) REAFFIRMS
GOA RECOGNITION THAT FOREIGN INVESTMENT HAS IMPORTANT FUTURE
ROLE IN AUSTRALIAN DEVELOPMENT, BUT THAT NEW CLIMATE OF TIGHT
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 CANBER 05406 161050Z

SCREENING TO ENSURE COMPLIANCE WITH GOA SOCIAL AND ECONOMIC

OBJECTIVES WILL BE CONTINUED, EXTENDED AND FORMALIZED. LIKEWISE, POLICY OF SEEKING MAXIMUM PRACTICAL AUSTRALIAN OWNERSHIP AND CONTROL ON CASE-BY-CASE BASIS AND EXCLUSIVE AUSTRALIAN OWNERSHIP IN LIMITED NUMBER OF SPECIAL CASES (E.G. URANIUM) WILL CONTINUE. SIGNIFICANT RECENT MOVE WAS REDUCTION LAST WEEK OF VARIABLE DEPOSIT REQUIREMENT FROM 25 PCT. TO 5 PCT. GENERAL EXPECTATION IS THAT THIS WILL, UNDER PRESENT CONDITIONS, RESULT IN ONLY MODEST CAPITAL INFLOW. NEVERTHELESS, IT WILL VIRTUALLY REMOVE ONE OBSTACLE OF IMPORTANCE IN SELECTED MAJOR PROJECTS SUCH AS REYNOLD'S ALWEST BAUXITE PROPOSAL. PETROLEUM AND MINERALS AUTHORITY LEGISLATION WAS ADOPTED BY JOINT SITTING OF PARLIAMENT BUT REMAINS UNDER A LEGAL CLOUD PENDING OUTCOME CONSTITUTIONAL CHALLENGE. EXPANSION OF AIDC WAS REJECTED BY SENATE EARLY THIS WEEK BUT THIS REJECTION GENERALLY ASSUMED TO BE TEMPORARY SINCE OPPOSITION WAS PREVIOUSLY COMMITTED TO SUPPORT AMENDED PROPOSAL. GENERAL PROSPECT FOR FOREIGN INVESTORS CONTINUES TO BE ONE OF ATTRACTIVE LONG-TERM ECONOMIC OPPORTUNITIES, BUT SUBJECT TO CLOSE GOA SCREENING AND SURVEILLANCE, IN CONTRAST TO WIDE-OPEN SITUATION IN PAST.

4. TRADE OUTLOOK - DESPITE SURGING IMPORTS AUSTRALIAN MERCHANDISE TRADE REMAINS IN BALANCE DUE TO SURPRISING STRENGTH OF EXPORTS. IT APPEARS PROBABLE U.S. EXPORTS (FY 74 \$US1.9 BILLION) WILL CONTINUE AT HIGH LEVELS ALTHOUGH SOME FALLOFF FROM RECORD 1974 VOLUME LIKELY AS AUSTRALIAN DEMAND EASES. WHILE UNPRECEDENTED AUSTRALIAN IMPORT TRADE LIBERALIZATION IN PAST 18 MONTHS UNLIKELY TO BE REVERSED IN FORESEEABLE FUTURE, POSSIBILITY OF SELECTIVE IMPORT LIMITATIONS RELATED TO SPECIAL AREAS OF UNEMPLOYMENT CAN NOT BE EXCLUDED. SUPERFICIAL BUT GROWING POLITICAL PRESSURE FOR DEVALUATION OF AUSTRALIAN DOLLAR IS ARISING FROM DISAPPEARANCE TRADE SURPLUS AND ALARMIST REACTION TO SUBSTANTIAL CURRENT BALANCE OF PAYMENTS DEFICITS. THIS PRESSURE ALSO PARTLY MOTIVATED BY PROTECTIONIST REACTION TO IMPORTS IN FACE OF SCATTERED BUT RISING UNEMPLOYMENT. ECONOMIC CASE FOR EARLY DEVALUATION IS EXTREMELY WEAK BUT OUTCOME OF POLITICAL PRESSURES AND MOUNTING EXPECTATIONS IS UNPREDICTABLE. MUCH WILL PROBABLY DEPEND ON BALANCE OF PAYMENTS EFFECT OF VDR LIBERALIZATION, WHICH COULD MODERATE THE RATE OF DECLINE IN RESERVES.

5. OTHER SUBJECTS - SUGGEST YOU RENEW DISCUSSION OF POSSIBLE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 CANBER 05406 161050Z

SECRETARY OF COMMERCE VISIT TO AUSTRALIA IN COMING YEAR. SCHEDULED ANNUAL GENERAL MEETING OF AMCHAM IN PERTH SECOND HALF MARCH WOULD BE ADVANTAGEOUS TIME IF IT FITS SECRETARY'S SCHEDULE.

6. YOU MIGHT ALSO DISCUSS GENERAL TOPIC OF CONNORS' RESOURCES DIPLOMACY.

7. SUGGEST YOU MENTION OUR EXPORT PROMOTION ACTIVITY, COUNTRY

COMMERCIAL PROGRAM, AND VERY POSITIVE CONTRIBUTION OF BOB SIMPSON
WHOM YOU ARE MOST FORTUNATE TO HAVE ON LOAN FROM COMMERCE.
HARROP

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN INVESTMENT, ECONOMIC CONDITIONS, TRADE OPPORTUNITY REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 16 AUG 1974
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CollinP0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974CANBER05406
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740225-0963
From: CANBERRA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740842/aaaabjwi.tel
Line Count: 118
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: STADIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: STADIS
Reference: (A) STATE 178972 (B) CANBERRA 5321 (, C) CANBERRA 5407
Review Action: RELEASED, APPROVED
Review Authority: CollinP0
Review Comment: n/a
Review Content Flags:
Review Date: 08 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <08 JUL 2002 by shawdg>; APPROVED <28 FEB 2003 by CollinP0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MEETING WITH SECRETARY OF COMMERCE DENT
TAGS: EGEN, ETRD, EINV, AS, US, (DENT)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005